



CSAP - Credit Risk Analysis Module

Credit Risk Analysis is never out of style. No matter which industry or department one may work in, a solid grounding in credit risk fundamentals is required. This program provides the tools and techniques required to perform a credit analysis. The focus is on understanding the qualitative issues before performing the quantitative analysis. After an historical risk analysis is carried out, participants perform financial forecasting, which determines correct structuring. The class also explores financing alternatives including options in money and capital markets, seniority, protection and monitoring, holding company analysis, subordination, covenants and off-balance sheet items. Practice is key, so there is ample opportunity to practice the analytical techniques learned in each section.

Available Session(s):

12-Jan-2009 -- 16-Jan-2009	New York	USD \$4875
NY Institute of Finance - Midtown	9:00am - 4:30pm	Mon Tue Wed Thu Fri
Instructor(s):[Various Instructors;]		
20-Apr-2009 -- 24-Apr-2009	New York	USD \$4875
NY Institute of Finance - Midtown	9:00am - 4:30pm	Mon Tue Wed Thu Fri
Instructor(s):[Patricia Sparacio; Henry Pullman; Manan Rawal;]		
10-Aug-2009 -- 14-Aug-2009	New York	USD \$4875
NY Institute of Finance - Midtown	9:00am - 4:30pm	Mon Tue Wed Thu Fri
Instructor(s):[Patricia Sparacio;]		

Targeted Audience

Entry level professionals, investment professionals, research analysts, corporate bankers, fixed income analysts, credit analysts, equity analysts, mergers & acquisitions professionals and mid level career transitions.

Special Offer

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process, and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email uscirculation@ft.com. US and Canada enrollees only.

Advance Preparation

No advance preparation required.

Prerequisites

Basic accounting, fluency in English

Learning Objectives

Students will be able to:

- Complete a business and industry risk ana
- Understand the relationship between the qualitative and quantitative aspects of a credit analysis and calculate the ratios for the selected company
- Understand rating agency methodology and public ratings
- Analyze the ratios in context with the business and industry analysis and draw conclusions on the historical data
- Compare peer performance and complete a trend analysis for the selected company
- Recognize the off-balance sheet risks and quantify these risks
- Perform a cash flow analysis and associated reconciliations
- Forecast the key value drivers and their impact on the company's future performance
- Analyze the existing capital structure and determine the appropriate financing alternatives for the target company
- Propose structuring solutions consistent with a risk/reward strategy
- Apply operational risk techniques to determine key documentation requirements
- Conclude, via a written and oral presentation on the creditworthiness of the selected company including recommendations

Alumni Comments

"Course administered by experienced and knowledgeable instructor"

"Great overview of credit markets/ how to protect your investments against losses"

"Class gives a general overview of derivatives"

"The strength of this course is that it touches on many aspects of finance"

"The instructor seems to know a lot about credit. Therefore, it was very helpful learning from first hand experience, especially in the midst of the credit crisis currently in the US"

Follow-Up Courses

Advanced Credit Risk Analysis

Level: Basic

CPE Credits: 36.0

Instructional Method: Group-Live

Detailed Outline

DAY ONE

Overview of Credit

- Interaction of the market, the client and credit
- Understanding market, credit and operational risks
- The 5Ps and 5Cs of Credit
- Shareholder Value Added
- Risk/Reward and capital allocation
- Purpose and Payback

Credit Analysis Fundamentals

- Corporates versus Financial Intermediaries
- Specialized Industries
- Specialized Products
- Sources of information

Business and Industry Analysis

- Industry Analysis including SWOT, critical success factors and Porter framework
- Operation/Business analysis
- Business risk versus financial risk
- The asset conversion cycle
- Environmental and Regulatory risk analysis
- Management Analysis
- Early Warning Signs
- Credit red flags

Exercise: Balance Sheet Recognition

Homework: Participants will complete the business and industry analysis for the selected company

Rating Agencies

DAY TWO

Ratios and Credit Statistics

- Advantages and Limitations of ratios
- Types of Ratios including: profitability, asset quality and efficiency, leverage and coverage
- Peer comparisons/Industry benchmarks
- Specialized industry ratios
- Seasonality
- Overall performance ratios: DuPont formula

Exercise: Ratio Analysis

Homework: Participants will complete the ratios for the selected company

- Role
 - Concepts/Process
 - Methodology/Issues
 - Oversight
 - Ratings
-

DAY THREE

Cash Flow Analysis

- Structure of the cash flow statement
- Sources and Uses
- Reconciliations including PP &E, Intangibles, Investments, Deferred Taxes, Long term debt, Minority interest and Equity

Exercise: Participants will complete the cash flow for the selected company

Historical Financial Analysis

- The Audit
- Review of historical patterns and industry performance
- Income Statement analysis
- Balance Sheet analysis
- Cash Flow analysis

Exercise: Participants will work in small groups to complete the FYE analysis

DAY FOUR

Off Balance Sheet Items

- Contingent liabilities
- Operating leases
- Debt of joint ventures and unconsolidated subsidiaries
- Guarantees
- Take-or-pay contracts and obligations under throughput and deficiency agreements
- Receivables that have been factored, transferred or securitized
- Contingent liabilities e.g. potential legal judgments or lawsuit settlements

Additional Risks to Consider

- Financial guarantees
- Performance guarantees
- Ratings triggers
- Covenants
- Revenue recognition
- Unusual gains and losses
- Asset write-offs
- Swap exposures
- FX exposure
- Pension deficits
- Securitization
- Structural subordination
- Partnerships/SPVs
- Leases
- Environmental
- Product liability

Exercise: Annual Reports: identifying and recognizing industry and company specific off-balance sheet risks

Forecasting

- Building a forecast-framework and methodology
- Qualitative and quantitative factors
- Base, management, and downside cases
- Critical value drivers
- Analyzing results- assessing debt capacity, recommending financing alternatives, public versus private, quantifying results and drawing conclusions

Exercise: Forecasting the critical value drivers for selected companies

DAY FIVE

Structuring and Documentation

- Investment grade versus non-investment grade
- Holding company analysis
- Guarantees, Keepwells, LOMIs
- Collateral secured versus unsecured
- Liquidation analysis
- Borrowing base
- Covenants
- Subordination

Exercise: Due diligence for selected case studies

Presentations

- Participants will present the complete credit analysis for the selected company

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.